



# WASHOE COUNTY

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## STAFF REPORT

BOARD MEETING DATE: February 25, 2025

**DATE:** January 21, 2025

**TO:** Board of County Commissioners

**FROM:** Dave Solaro, Assistant County Manager

**THROUGH:** Eric P. Brown, County Manager

**SUBJECT:** Direction to staff regarding the potential disposition of 10 Kirman Avenue (Assessor's Parcel Number 012-150-012), a property previously identified as surplus to Washoe County needs at the Board of County Commission meeting on August 22, 2023. Based on Board of County Commissioner direction in May of 2024, staff is recommending sale by direct negotiation with Renown Health for economic development purposes in the amount of \$750,000.00 after adoption of a separate resolution finding that it is in the best interest of the public to sell the property without offering the property to the public and potentially for less than fair market value as prescribed in Nevada State Law. Renown Health plans to use the property to expand its healthcare services which will create highly skilled jobs and enhance the quality of healthcare available to the community. (Commission District 3).

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### SUMMARY

The staff is requesting that the Board of County Commissioners approve the disposition of 10 Kirman Avenue (Assessor's Parcel Number 012-150-012), a property previously identified as surplus to Washoe County needs at the Board of County Commission meeting on August 22, 2023. Staff is recommending sale by direct negotiation with Renown Health for economic development purposes in the amount of \$750,000.00 which if approved by the Board will require by a separate Board action the adoption of a resolution finding that it is in the best interest of the public to sell the property without offering the property to the public and potentially for less than fair market value.

The purpose of this report is to provide the Board with the necessary information to make an informed decision regarding the sale of the property at 10 Kirman Avenue. The property has been identified as surplus to the needs of Washoe County, and the proposed sale to Renown Health is intended to support economic development in the area. The recommendation to sell the property directly to Renown Health, rather than through a public auction, is based on the potential benefits to the community, including the creation and retention of employment opportunities and the establishment of new commercial

**AGENDA ITEM # \_\_\_\_\_**

enterprises or facilities. The sale price of \$750,000.00 reflects the value of the land less the estimated cost to demolish the existing building, which Renown Health has deemed unusable for medical services.

Washoe County Strategic Objective supported by this item: Fiscal Sustainability: Long-term sustainability.

### **PREVIOUS ACTION**

May 28, 2024 - the most recent Board of County Commissioner action related to the potential disposition of 10 Kirman Avenue (Assessor's Parcel Number 012-150-012) occurred on May 28, 2024. During this meeting, the Board discussed and provided direction to staff regarding the sale of the property. Commissioner Garcia moved to direct staff to negotiate a price with Renown Health, and Commissioner Andriola seconded the motion. Vice Chair Herman suggested obtaining a new appraisal on the property, and Chair Hill assured that the County would do so as part of the process. The motion carried on a 5-0 vote, directing staff to proceed with negotiations.

On August 22, 2023, the Board of County Commissioners identified the property at 10 Kirman Avenue as surplus to Washoe County needs. During this meeting, Assistant County Manager (ACM) David Solaro presented an overview of the Washoe County property program, which included a list of properties considered surplus. The Board discussed the potential sale of the property and the possibility of using the proceeds to fund other county needs. Commissioner Clark suggested that the property be appraised and sold, with part of the profits used to pay for the West Hills property. The Board directed staff to explore options for the disposition of the property.

### **BACKGROUND**

#### **Historical Summary**

The property located at 10 Kirman Avenue (Assessor's Parcel Number 012-150-012) has been identified as surplus to the needs of Washoe County. This determination was made during the Board of County Commissioners (BCC) meeting on August 22, 2023, where an overview of the Washoe County property program was presented. The property, which is approximately 0.556 acres in size, was originally acquired in the 1950s and has been used for various county needs over the years, including as a facility for Northern Nevada Public Health's Tuberculosis (TB) Clinic. Washoe County Facilities Capital Planning Analysis calculates the building's estimated replacement cost at \$3,470,392 and the total capital needs at \$1,357,542, resulting in a Facility Condition Index Score of 0.39, putting it in the category of "Critically Poor" condition.

The intent behind identifying the property as surplus is to optimize the use of county assets and support economic development in the region. The property is adjacent to the Renown Health campus, making it a strategic location for potential expansion of healthcare services. Renown Health has expressed interest in acquiring the property to support its operations and enhance healthcare services in the community.

During the BCC meeting on May 28, 2024, Assistant County Manager (ACM) David Solaro presented options for the disposition of the property. The Board discussed the

potential sale of the property through direct negotiation with Renown Health for economic development purposes. The proposed sale price of \$750,000.00 reflects the negotiated value of the land less the estimated cost to demolish the existing building, which Renown Health has deemed unusable for medical services.

The Board's direction to staff included obtaining a new appraisal of the property and negotiating a reasonable price with Renown Health. At the recommendation of Washoe County legal counsel, two independent appraisals were commissioned.

Nellie Beck LLC concluded it would be economically unfeasible to renovate the property improvements, and the Highest and Best Use of the property is redevelopment. As a result, the appraisal's Cost approach valued the property as vacant land with an allowance for demolition of the improvements subtracted. The second method utilized was a Sales Comparison Approach to value utilizing recent sales and listings. The appraiser's opinion of current market value is \$860,000.00, dated January 3, 2025.

Granite Appraisal Group utilized two methods to determine the "as-is" value of the property. One method, the Highest and Best Use Income Approach case determined a value based on the best use if the land is vacant and developed at the highest and best use then leased utilizing a capitalization rate of 8.0% to determine the net operating income value. The second method utilized was a Sales Comparison Approach to value utilizing recent sales and listings. Both methods of determining value in the opinion of the appraiser results in a property value of \$2,600,000.00, dated January 22, 2025.

### **Legal and Regulatory References**

The disposal of public property in Nevada is governed by Nevada Revised Statutes (NRS) Chapter 244, which outlines the procedures for the sale of county-owned property. Specifically, NRS 244.2815 allows for the sale of property through direct negotiation with a potential buyer for economic development purposes, provided that the Board adopts a resolution finding that it is in the best interest of the public to sell the property without offering it to the public and potentially for less than fair market value.

### **Master Plans and Strategic References**

The proposed sale of 10 Kirman Avenue aligns with Washoe County's strategic objectives, particularly in the areas of fiscal sustainability and economic development. The Washoe County Strategic Plan emphasizes the importance of optimizing the use of county assets and supporting long-term fiscal sustainability. By selling surplus property, the county can generate revenue that can be reinvested in other critical needs and services.

Additionally, the sale supports the county's goal of fostering economic development by enabling Renown Health to expand its healthcare services. This expansion is expected to create new jobs and enhance the quality of healthcare available to residents, contributing to the overall well-being of the community.

The project also aligns with the Washoe County Facilities Master Plan, which aims to ensure that county properties are used efficiently and effectively to meet the needs of the community. The sale of surplus properties like 10 Kirman Avenue is a key component of

this plan, as it allows the county to divest itself of underutilized assets and focus resources on properties that provide the greatest benefit to the public.

## **FISCAL IMPACT**

### **Financial Implications of the Potential Disposition of 10 Kirman Avenue**

The disposition of 10 Kirman Avenue (Assessor's Parcel Number 012-150-012) involves several financial considerations that impact Washoe County's budget and financial strategy. This property was identified as surplus to the county's needs during the Board of County Commissioners (BCC) meeting on August 22, 2023, and the staff has recommended its sale by direct negotiation with Renown Health for economic development purposes at a proposed amount of \$750,000.00.

After the May 28, 2024, Board meeting staff received the mentioned appraisal and discussed the new appraised value with Renown. Renown provided a reasoning behind the original offer of \$420,000 which was arrived at by obtaining a broker's opinion of value for the land from two commercial real-estate brokers. The opinions varied from \$1,210,000 to \$430,000. Renown averaged the opinions and subtracted an estimated demolition value of \$400,000 leaving the offer number of \$420,000. At the staff agreed upon negotiated price of \$750,000 the cost per acre of property would be the equivalent of \$1.35M per acre. As a comparable Washoe County purchased the Cares Campus property from the Reno Housing Authority for an equivalent cost of \$1.08M per acre.

### **Financial Strategy and Budget Impact**

The financial strategy behind the sale of 10 Kirman Avenue aligns with Washoe County's broader goals of fiscal sustainability and economic development. By selling surplus property, the county can optimize its asset portfolio and generate revenue that can be reinvested in other critical areas. The proceeds from the sale can contribute to the county's Capital Projects Fund, which supports long-term infrastructure and development projects.

The sale price of \$750,000.00, although less than the appraised fair market values of \$860,000.00 and \$2,600,000.00 is justified by the economic development benefits that Renown Health's acquisition of the property is expected to bring. Renown Health plans to use the property to expand its healthcare services, which will create new jobs and enhance the quality of healthcare available to the community. This aligns with the county's strategic objectives of supporting economic growth and improving public services.

As of June 30, 2024, this building and all subsequent improvements has a remaining depreciable balance of \$190,230.43

Proceeds from the sale will be accounted for in accordance with financial regulations and County policy as directed by the Board. If additional Board approvals or directions are required, separate items will be brought to the Board as necessary.

### **RECOMMENDATION**

It is recommended by staff that the best approach for the disposition of 10 Kirman Avenue (Assessor's Parcel Number 012-150-012), a property previously identified as surplus to Washoe County needs at the Board of County Commission meeting on August 22, 2023 is to sell by direct negotiation with Renown Health for economic development purposes in the amount of \$750,000.00 after separate adoption of a resolution finding that it is in the best interest of the public to sell the property without offering the property to the public and potentially for less than fair market value as prescribed in Nevada State Law. Renown Health plans to use the property to expand its healthcare services, which will create highly skilled jobs and enhance the quality of healthcare available to the community.

### **POSSIBLE MOTION**

Should the Board agree with the staff's recommendation, a possible motion would be: "Move to provide the following direction to staff regarding the potential disposition of 10 Kirman Avenue (Assessor's Parcel Number 012-150-012), a property previously identified as surplus to Washoe County needs at the Board of County Commission meeting on August 22, 2023. Based on Board of County Commissioner direction, staff is to sell by direct negotiation with Renown Health for economic development purposes in the amount of \$750,000.00 after adoption of a separate resolution finding that it is in the best interest of the public to sell the property without offering the property to the public and potentially for less than fair market value as prescribed in Nevada State Law. Renown Health plans to use the property to expand its healthcare services which will create highly skilled jobs and enhance the quality of healthcare available to the community."